

**VILLAGE OF POWHATAN  
ANNUAL FINANCIAL REPORT**

**JUNE 30, 2009**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 11/27/10

Village of Powhatan  
Financial Report  
June 30, 2009

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Village of Powhatan  
Financial Report  
June 30, 2009

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# Village of Powhatan

P. O. Box 126  
Powhatan, LA 71066

## MANAGEMENT'S DISCUSSION AND ANALYSIS for the Year Ended June 30, 2009

The Management's Discussion and Analysis is an element of the reporting model adopted by the *Governmental Accounting Standards Board (GASB)* in their Statement No. 34. Certain comparative information is presented to provide an overview of the Village operations.

### Financial Highlights

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Village as a whole and present a longer-term view of the Village's finances. These statements tell how these services were financed in the short-term as well as what remains for future spending.

A summary of the basic government-wide financial statements is as follows:

Summary of Statement of Net Assets

	June 2009			June 2008		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
<b>ASSETS:</b>						
Cash	\$ 1,034	\$ 17,617	\$ 18,651	\$ 591	\$ 19,400	\$ 19,991
Receivables	0	8,473	8,473	0	4,692	4,692
Capital Assets, Net of Accumulated Depreciation	<u>166,142</u>	<u>1,426,812</u>	<u>1,592,954</u>	<u>38,761</u>	<u>1,480,864</u>	<u>1,519,625</u>
Total Assets	<u>\$167,176</u>	<u>\$1,452,902</u>	<u>\$1,620,078</u>	<u>\$39,352</u>	<u>\$1,504,956</u>	<u>\$1,544,308</u>
<b>LIABILITIES:</b>						
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,314	\$ 2,314
Customer Deposits Payable	<u>0</u>	<u>23,866</u>	<u>23,866</u>	<u>0</u>	<u>23,100</u>	<u>23,100</u>
Total Liabilities	<u>\$ 0</u>	<u>\$ 23,866</u>	<u>\$ 23,866</u>	<u>\$ 0</u>	<u>\$ 25,414</u>	<u>\$ 25,414</u>
<b>NET ASSETS:</b>						
Invested in Capital Assets, Net of Related Debt	\$166,142	\$1,426,812	\$1,592,954	\$38,761	\$1,479,542	\$1,518,303
Unrestricted Net Assets	<u>1,034</u>	<u>2,224</u>	<u>3,258</u>	<u>591</u>	<u>0</u>	<u>591</u>
NET ASSETS	<u>\$167,176</u>	<u>\$1,429,036</u>	<u>\$1,596,212</u>	<u>\$39,352</u>	<u>\$1,479,542</u>	<u>\$1,518,894</u>

## Summary of Statement of Activities

	June 2009			June 2008		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
REVENUES:						
Capital Grants	\$130,403	\$ 0	\$130,403	\$24,126	\$ 0	\$ 24,126
Charges for Services	8,763	74,559	83,322	7,690	75,677	83,367
General Revenues	<u>2,434</u>	<u>0</u>	<u>2,434</u>	<u>3,471</u>	<u>0</u>	<u>3,471</u>
Total Revenues	<u>\$141,600</u>	<u>\$ 74,559</u>	<u>\$216,159</u>	<u>\$35,287</u>	<u>\$ 75,677</u>	<u>\$110,964</u>
EXPENSES:						
General Government	\$ 12,732	\$ 0	\$ 12,732	\$10,728	\$ 0	\$ 10,728
Public Safety	1,044	0	1,044	2,667	0	2,667
Operating Expense	0	125,065	125,065	0	114,933	114,933
Interest Expense	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>438</u>	<u>438</u>
Total Expenses	<u>\$ 13,776</u>	<u>\$125,065</u>	<u>\$138,841</u>	<u>\$13,395</u>	<u>\$115,371</u>	<u>\$128,766</u>
Change in Net Assets	<u>\$127,824</u>	<u>\$ (50,506)</u>	<u>\$ 77,318</u>	<u>\$21,892</u>	<u>\$ (39,694)</u>	<u>\$ (17,802)</u>

*Governmental Activities*

The Village's assets exceeded its liabilities by \$167,176 (net assets) for the year. For the year ended June 30, 2008, this was \$39,352.

*Business Type Activities*

The Proprietary Fund, the water system, had a decrease in net assets of \$50,506 for the year. Revenues and expenses remained fairly consistent with the prior year.

General Fund Budgetary Highlights

The Village did not amend its General Fund budget during the year. At year end, actual revenues were \$603 less than budgeted and actual expenditures were \$1,046 less than budgeted expenditures.

Economic Factors and Next Year's Budget

The Village has prepared its FY 2009/2010 budget for the General Fund on the assumption that revenues and expenditures will remain fairly constant next year. Both revenues and expenditures for the Utility Enterprise Fund should also remain constant during the next year.

Contacting the Village

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the Village's finances and to show the Village's accountability for the money it receives. Any questions about this report or requests for additional information may be directed to the Village at P. O. Box 126, Powhatan, LA 71066.

# Johnson, Thomas & Cunningham

## Certified Public Accountants

Eddie G. Johnson, CPA – A Professional Corporation (1927-1996)

Mark D. Thomas, CPA – A Professional Corporation

Roger M. Cunningham, CPA – A Professional Corporation

Jessica H. Broadway, CPA – A Professional Corporation

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### ACCOUNTANT'S REVIEW REPORT ON THE FINANCIAL STATEMENTS

The Honorable Mayor of Powhatan  
and Village Aldermen  
Village of Powhatan, Louisiana

We have reviewed the accompanying financial statements of the governmental activities, the business-type activities, and major funds of the Village of Powhatan (Village) as of and for the year ended June 30, 2009, which collectively comprise the Village's basic financial statements as listed in the Table of Contents, in accordance with *Statements on Standards for Accounting and Review Services* issued by the *American Institute of Certified Public Accountants*. All information included in these financial statements is the representation of management of the Village.

A review consists principally of inquiries of Village personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

The Management's Discussion and Analysis and budgetary comparison information on pages 1 through 4 and 29 through 30, are not a required part of the basic financial statements but are supplementary information required by the *Governmental Accounting Standards Board*. Such information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but were compiled from information that is the representation of management, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the supplementary information.



In accordance with the *Louisiana Governmental Audit Guide* and the provisions of state law, we have issued a report dated December 29, 2009, on the results of our agreed-upon procedures on page 32 through 34. Pages 35 through 38 present the Louisiana Attestation Questionnaire, our Management Letter and Management's Response.

*Johnson, Thomas & Cunningham, CPA's*  
Johnson, Thomas & Cunningham, CPA's

December 29, 2009  
Natchitoches, LA 71457

## BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE  
FINANCIAL STATEMENTS**

Village of Powhatan  
Statement of Net Assets  
June 30, 2009

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS:</b>			
Current Assets-			
Cash and Cash Equivalents	\$ 1,034	\$ 515	\$ 1,549
Receivables	<u>0</u>	<u>8,473</u>	<u>8,473</u>
Total Current Assets	<u>\$ 1,034</u>	<u>\$ 8,988</u>	<u>\$ 10,022</u>
Noncurrent Assets-			
Restricted Assets-			
Customer Deposits	\$ 0	\$ 16,712	\$ 16,712
Bond Covenant Accounts	0	390	390
Capital Assets (Net)	<u>166,142</u>	<u>1,426,812</u>	<u>1,592,954</u>
Total Noncurrent Assets	<u>\$166,142</u>	<u>\$1,443,914</u>	<u>\$1,610,056</u>
Total Assets	<u>\$167,176</u>	<u>\$1,452,902</u>	<u>\$1,620,078</u>
<b>LIABILITIES:</b>			
Current Liabilities-			
Accounts Payable	\$ 0	\$ 0	\$ 0
Noncurrent Liabilities-			
Payable from Restricted Assets-			
Customer Deposits	<u>0</u>	<u>23,866</u>	<u>23,866</u>
Total Liabilities	<u>\$ 0</u>	<u>\$ 23,866</u>	<u>\$ 23,866</u>
<b>NET ASSETS:</b>			
Invested in Capital Assets	\$166,142	\$1,426,812	\$1,592,954
Unrestricted	<u>1,034</u>	<u>2,224</u>	<u>3,258</u>
Total Net Assets	<u>\$167,176</u>	<u>\$1,429,036</u>	<u>\$1,596,212</u>

See accompanying notes and accountant's report.

Village of Powhatan  
Statement of Activities  
June 30, 2009

Activities	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Government Activities	Business-Type Activities	
Governmental Activities:							
General Government	\$ 12,732	\$ 7,687	\$0	\$130,403	\$125,358	\$ 0	\$ 125,358
Public Safety	<u>1,044</u>	<u>1,076</u>	<u>0</u>	<u>0</u>	<u>32</u>	<u>0</u>	<u>32</u>
Total Governmental Activities	<u>\$ 13,776</u>	<u>\$ 8,763</u>	<u>\$0</u>	<u>\$130,403</u>	<u>\$125,390</u>	<u>\$ 0</u>	<u>\$ 125,390</u>
Business-Type Activities:							
Water/Sewer	<u>\$125,065</u>	<u>\$74,559</u>	<u>\$0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (50,506)</u>	<u>\$ (50,506)</u>
Total Government	<u>\$138,841</u>	<u>\$83,322</u>	<u>\$0</u>	<u>\$130,403</u>	<u>\$125,390</u>	<u>\$ (50,506)</u>	<u>\$ 74,884</u>
General Revenues:							
Taxes					\$ 2,378	\$ 0	\$ 2,378
Other					<u>56</u>	<u>0</u>	<u>56</u>
Total General Revenues					<u>\$ 2,434</u>	<u>\$ 0</u>	<u>\$ 2,434</u>
Change in Net Assets					\$127,824	\$ (50,506)	\$ 77,318
Net Assets July 1, 2008					<u>39,352</u>	<u>1,479,542</u>	<u>1,518,894</u>
Net Assets June 30, 2009					<u>\$167,176</u>	<u>\$1,429,036</u>	<u>\$1,596,212</u>

See accompanying notes and accountant's report.

## FUND FINANCIAL STATEMENTS

Village of Powhatan  
Balance Sheet-Governmental Funds  
June 30, 2009

	<u>General Fund</u>	<u>LCDBG</u>	<u>Total</u>
<b>ASSETS:</b>			
Cash and Cash Equivalents	<u>\$1,033</u>	<u>\$1</u>	<u>\$1,034</u>
Total Assets	<u>\$1,033</u>	<u>\$1</u>	<u>\$1,034</u>
<b>LIABILITIES</b>	<b>\$ 0</b>	<b>\$0</b>	<b>\$ 0</b>
<b>FUND BALANCES:</b>			
Unreserved	<u>1,033</u>	<u>1</u>	<u>1,034</u>
Total Liabilities and Fund Balances	<u>\$1,033</u>	<u>\$1</u>	<u>\$1,034</u>

See accompanying notes and accountant's report.

Village of Powhatan  
Reconciliation of the Governmental Funds  
Balance Sheet to the Statement of Net Assets  
June 30, 2009

Total Fund Balance for the Governmental Funds at June 30, 2008	\$ 1,034
Amounts reported for Governmental Activities in the Statement of Net Assets is different because:	
Capital Assets used in Governmental Activities are not current financial resources and, therefore, are not reported in the Governmental Funds Balance Sheet	
Land, Equipment, Buildings, and Vehicles	240,498
Less: Accumulated Depreciation	<u>(74,356)</u>
Net Assets of Governmental Activities at June 30, 2008	<u>\$167,176</u>

See accompanying notes and accountant's report.



Village of Powhatan  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
Year Ended June 30, 2009

	<u>General Fund</u>	<u>LCDBG</u>	<u>Total</u>
REVENUES:			
Taxes	\$ 2,348	\$ 0	\$ 2,348
Licenses and Permits	7,687	0	7,687
Intergovernmental-			
Beer Tax	30	0	30
Grant-State/LCDBG	0	130,403	130,403
Fines and Forfeits	1,076	0	1,076
Other	<u>56</u>	<u>0</u>	<u>56</u>
Total Revenues	<u>\$11,197</u>	<u>\$130,403</u>	<u>\$141,600</u>
EXPENDITURES:			
Current-			
General Government	\$10,064	\$ 0	\$ 10,064
Public Safety	690	0	690
Capital Outlay	<u>0</u>	<u>130,403</u>	<u>130,403</u>
Total Expenditures	<u>\$10,754</u>	<u>\$130,403</u>	<u>\$141,157</u>
Excess of Revenues over Expenditures	\$ 443	\$ 0	\$ 443
Fund Balance-Beginning of Year	<u>590</u>	<u>1</u>	<u>591</u>
Fund Balance-End of Year	<u>\$ 1,033</u>	<u>\$ 1</u>	<u>\$ 1,034</u>

See accompanying notes and accountant's report.

Village of Powhatan  
Reconciliation of the Statement of Revenues, Expenditures  
and Changes in Fund Balances of the Governmental Funds  
to the Statement of Activities  
for the Year Ended June 30, 2009

Net Change in Fund Balance at June 30, 2008 \$ 443

Amounts reported for Governmental Activities  
in the Statement of Activities are different because:

Governmental Funds report Capital Outlays as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. The cost of Capital Assets recorded in the current period is 130,403

Depreciation expense on Capital Assets is reported in the Government-wide financial statements, but does not require the use of current financial resources and is not reported in the Fund Financial statements. Current year depreciation expense is (3,022)

Change in Net Assets at June 30, 2008 \$127,824

See accompanying notes and accountant's report.

Village of Powhatan  
Statement of Net Assets  
Proprietary Fund  
Year Ended June 30, 2009

ASSETS:

Current Assets-

Cash and Cash Equivalents

\$ 515

Receivables

8,473

Total Current Assets

\$ 8,988

Noncurrent Assets-

Restricted Assets-

Customer Deposits

\$ 16,712

Bond Covenant Accounts

390

Capital Assets-

Capital Assets, net of depreciation

1,426,812

Total Noncurrent Assets

\$1,443,914

Total Assets

\$1,452,902

LIABILITIES:

Noncurrent Liabilities-

Payable from Restricted Assets-

Customer Deposits

\$ 23,866

NET ASSETS:

Invested in Capital Assets

\$1,426,812

Unrestricted

2,224

Total Net Assets

\$1,429,036

See accompanying notes and accountant's report.

Village of Powhatan  
Statement of Revenues, Expenses, and Changes in Net Assets  
Proprietary Fund  
For the Year Ended June 30, 2009

OPERATING REVENUES:	
Water Sales	\$ <u>74,559</u>
OPERATING EXPENSES:	
Depreciation	\$ 54,052
General & Administrative	52,671
Utilities	10,332
Repairs & Maintenance	<u>8,010</u>
Total Operating Expenses	\$ <u>125,065</u>
Operating Income (Loss)	\$ <u>(50,506)</u>
Change in Net Assets	\$ (50,506)
Net Assets-Beginning of Year	<u>1,479,542</u>
Net Assets-End of Year	\$ <u>1,429,036</u>

See accompanying notes and accountant's report.

Village of Powhatan  
Statement of Cash Flows  
Proprietary Fund  
June 30, 2009

	<u>Business Type Activities</u>
Cash Flows from Operating Activities:	
Cash Received from Customers	\$ 71,692
Cash Paid to Suppliers	(37,549)
Cash Paid to Employees	(35,926)
Net Cash Provided by Operating Activities	\$ <u>(1,783)</u>
Net Decrease in Cash and Cash Equivalents	\$ (1,783)
Cash and Cash Equivalents at Beginning of Year	<u>19,400</u>
Cash and Cash Equivalents at End of Year	\$ <u>17,617</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income (Loss)	\$(50,506)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:	
Depreciation expense	54,052
Changes in Assets and Liabilities:	
Increase in Receivables	(3,781)
Decrease in Payables	(2,314)
Increase in Restricted Assets – Payable	<u>766</u>
Net Cash Provided by Operating Activities	\$ <u>(1,783)</u>

See accompanying notes and accountant's report.

## NOTES TO FINANCIAL STATEMENTS

Village of Powhatan  
Notes to Financial Statements  
June 30, 2009

Introduction:

The Village of Powhatan, Louisiana, is incorporated under the Lawrason Act with a Mayor-Board of Aldermen form of government. The executive branch of government is headed by the Mayor and a Legislative branch consisting of three Aldermen.

This report includes all funds which are controlled or dependent on the Village of Powhatan's executive and legislative branches (the Mayor and Aldermen). Control by or dependence on the Village of Powhatan was determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of government body, and other general oversight responsibility.

The Village's operations include police, streets and drainage, and general and administrative services. In addition, the Village operates a Utility System which provides water and sewer services.

1. Summary of Significant Accounting Policies:

A. REPORTING ENTITY-

The Village is the basic level of government which has financial accountability and control over all activities related to the Village operations and services provided. The Village is not included in any other governmental "reporting entity" as defined by GASB pronouncements, since the Village Mayor and Board of Aldermen are elected by the public and have decision making authority to levy taxes, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters. In addition, there are no component units as defined in Governmental Accounting Standards Board Statement 14, which are included in the Village's reporting entity.

The financial statements of the Village of Powhatan, Louisiana are prepared in accordance with generally accepted accounting principles (GAAP). The Village of Powhatan's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Proprietary funds and similar component units apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless the pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

B. BASIS OF PRESENTATION-

Government-Wide Financial Statements (GWFS)

The Statement of Net Assets and Statement of Activities report information about the reporting government as a whole. They include all funds of the reporting entity. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

Village of Powhatan  
Notes to Financial Statements  
June 30, 2009

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Village's governmental activities. Direct expenses are those that are specifically associated with a program or function. Program revenues include (a) fees and charges paid by the recipient for goods or services offered by the program, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

**C. FUND ACCOUNTING-**

The accounts of the Village are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained is consistent with legal and managerial requirements.

The Village maintains three funds. They are categorized as governmental funds and a proprietary fund. The emphasis on fund financial statements is on major governmental and enterprise funds; each displayed in a separate column. A fund is considered major if it is the primary operating fund of the entity or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The Village considers all funds to be major:

**Governmental Funds-**

**General Fund**

The General Fund is the general operating fund of the Village. It is used to account for all financial resources except those required to be accounted for in another fund.

**LCDBG Fund**

The LCDBG Fund is used to account for grant money received to upgrade the Village utility system.



Village of Powhatan  
Notes to Financial Statements  
June 30, 2009

Proprietary Fund-

Enterprise Fund

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING-

Basis of accounting refers to when revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual Basis - Government-Wide Financial Statements (GWFS)

The Statement of Net Assets and the Statement of Activities display information about the Village as a whole. Both of these statements have been prepared using the economic measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Modified Accrual Basis - Fund Financial Statements (FFS)

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., when they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Village considers all revenues "available" if they are collected within 60 days after year-end. Expenditures are generally recorded under the modified accrual basis of accounting when the related liability is incurred. The exceptions to this general rule are that (1) unmatured principal and interest on long-term debt, if any, are recorded when due and (2) claims and judgments and compensated absences are recorded as expenditures when paid with expendable available financial resources.

Village of Powhatan  
Notes to Financial Statements  
June 30, 2009

E. CASH AND INTEREST-BEARING DEPOSITS-

For purposes of the Statement of Net Assets, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposit of the Village.

F. CAPITAL ASSETS-

Capital assets, which include property, plant, and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Village maintains a threshold level of \$500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of that asset or materially extend the life of that asset are not capitalized.

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of useful lives by type of asset is as follows:

Buildings and improvements	40 years
Equipment and vehicles	3-10 years
Utility system and improvements	10-50 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

G. RESTRICTED ASSETS-

Restricted assets include cash, interest-bearing deposits, and investments of the proprietary fund that are legally restricted as to their use. The restricted assets are related to utility bond covenant accounts.

H. COMPENSATED ABSENCES-

There is no formal leave policy for the Village, therefore no entry is made to record compensated absences.

Village of Powhatan  
Notes to Financial Statements  
June 30, 2009

I. EQUITY CLASSIFICATIONS-

In the government-wide statements, equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt---Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets---Consists of net assets with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provision or enabling legislation.
- c. Unrestricted net assets---All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

In the fund statements, governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated.

J. ESTIMATES-

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenue, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

K. OPERATING REVENUES AND EXPENSES-

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing noncapital financing, or investing activities.

L. EXPENDITURES/EXPENSES-

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

Village of Powhatan  
Notes to Financial Statements  
June 30, 2009

In the fund financial statements, expenditures are classified as follows:

Governmental Funds - By Character  
Proprietary Fund - By Operating and Nonoperating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

**M. BUDGET-**

Prior to the beginning of each fiscal year, the Village adopts a budget for the next fiscal year. The budget is open for public inspection. All budgetary appropriations lapse at the end of the fiscal year. The budget is prepared on the modified accrual basis of accounting.

**2. Cash and Cash Equivalents:**

For reporting purposes, cash and cash equivalents include demand deposits, time deposits, and certificates of deposit. At June 30, 2009, the Village had cash and cash equivalents (collected bank balances) totaling \$19,389. Cash and cash equivalents are stated at cost, which approximates market. Under Louisiana law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the bank. These pledged securities are held in the name of the pledging bank in a holding or custodial bank in the form of safekeeping receipts held by the Village. The deposits at June 30, 2009, were fully secured by FDIC Insurance.

**3. Restricted Assets - Proprietary Fund Type:**

The following is a schedule of changes in assets restricted for revenue bond debt service for the year ended June 30, 2009:

	<u>Amortization</u>	<u>Depreciation and Contingency</u>	<u>Reserve</u>	<u>Total</u>
Cash, 7-1-08	\$4	\$ 1,110	\$ 1,126	\$ 2,240
Transfers from				
Operating Accounts	0	75	75	150
Transfers to Operating Accounts	<u>0</u>	<u>(1,000)</u>	<u>(1,000)</u>	<u>(2,000)</u>
Cash, 6-30-09	<u>\$4</u>	<u>\$ 185</u>	<u>\$ 201</u>	<u>\$ 390</u>

Village of Powhatan  
Notes to Financial Statements  
June 30, 2009

4. Litigation:

At June 30, 2009, there were no pending civil suits against the Village.

5. Capital Assets:

Capital asset activity for the year ended June 30, 2009, is as follows:

Governmental Activities	Balance 07-01-08	Additions	Deletions	Balance 06-30-09
Capital Assets, not depreciated:				
Construction in Progress	\$ 10,151	\$130,403	\$0	\$ 140,554
Capital Assets, depreciated:				
Building	34,529	0	0	34,529
Office Furniture, Fixtures & Equipment	48,415	0	0	48,415
Vehicles	<u>17,000</u>	<u>0</u>	<u>0</u>	<u>17,000</u>
Total Assets	<u>\$ 110,095</u>	<u>\$130,403</u>	<u>\$0</u>	<u>\$ 240,498</u>
Less, Accumulated Depreciation:				
Building	\$ 21,686	\$ 2,668	\$0	\$ 24,354
Office Furniture, Fixtures & Equipment	32,648	354	0	33,002
Vehicles	<u>17,000</u>	<u>0</u>	<u>0</u>	<u>17,000</u>
Total Accumulated Depreciation	<u>\$ 71,334</u>	<u>\$ 3,022</u>	<u>\$0</u>	<u>\$ 74,356</u>
Net Capital Assets	<u>\$ 38,761</u>	<u>\$127,381</u>	<u>\$0</u>	<u>\$ 166,142</u>
Business-Type Activities	Balance 07-01-08	Additions	Deletions	Balance 06-30-09
Capital Assets, depreciated:				
Utility System	\$2,052,313	\$ 0	\$0	\$2,052,313
Utility System – 2006	109,781	0	0	109,781
Less, Accumulated Depreciation:				
Utility System	<u>681,230</u>	<u>54,052</u>	<u>0</u>	<u>735,282</u>
Net Capital Assets	<u>\$1,480,864</u>	<u>\$ 54,052</u>	<u>\$0</u>	<u>\$1,426,812</u>

Village of Powhatan  
Notes to Financial Statements  
June 30, 2009

Depreciation expense of \$354 was charged to the public safety function and \$2,668 to the general government function for governmental activities. Depreciation expense of \$54,052 was charged to the operating expenses of the proprietary fund.

6. Related Parties:

The Village had no identified related party transactions for the year ended June 30, 2009.

7. Village Officials:

The following is a summary of payments to Village officials during the year.

<u>Name</u>	<u>Position</u>	<u>Payments</u>
O. V. Hall	Alderman	\$ 400
Hardrick Rivers	Alderman	600
Robert Lilly	Alderman	<u>400</u>
Total		<u>\$1,400</u>

8. Receivables:

The following is a summary of receivables at June 30, 2009:

<u>Class of Receivable</u>	<u>Amount</u>	<u>Fund</u>
Water & Sewer Sales	<u>\$8,473</u>	Proprietary Fund

OTHER REQUIRED  
SUPPLEMENTARY INFORMATION

Village of Powhatan  
General Fund  
Budgetary Comparison Schedule  
For the Year Ended June 30, 2009

	<u>Budget</u> <u>Original/Final</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
REVENUES:			
Taxes	\$ 2,100	\$ 2,348	\$ 248
Licenses, Permits, & Fees	7,150	7,687	537
Intergovernmental-			
Beer Tax	50	30	(20)
Fines & Forfeits	2,000	1,076	(924)
Miscellaneous	<u>500</u>	<u>56</u>	<u>(444)</u>
Total Revenues	<u>\$11,800</u>	<u>\$11,197</u>	<u>\$ (603)</u>
EXPENDITURES:			
Current-			
General Government	\$ 7,900	\$10,064	\$(2,164)
Public Safety	<u>3,900</u>	<u>690</u>	<u>3,210</u>
Total Expenditures	<u>\$11,800</u>	<u>\$10,754</u>	<u>\$ 1,046</u>
Excess of Revenues over Expenditures	\$ 0	\$ 443	\$ 443
Fund Balance-Beginning of Year	<u>590</u>	<u>590</u>	<u>0</u>
Fund Balance-End of Year	<u>\$ 590</u>	<u>\$ 1,033</u>	<u>\$ 443</u>

See accountant's report.



Village of Powhatan  
LCDBG  
Budgetary Comparison Schedule  
For the Year Ended June 30, 2009

	<u>Total Budget</u>	<u>Prior Year Actual</u>	<u>Remaining Budget</u>	<u>Current Year Actual</u>	<u>Remaining Budget</u>
REVENUES:					
Intergovernmental- Grant-State	\$446,756	\$10,151	\$436,605	\$130,403	\$306,202
EXPENDITURES:					
Capital Outlay	<u>446,756</u>	<u>10,151</u>	<u>436,605</u>	<u>130,403</u>	<u>306,202</u>
Excess of Revenues over Expenditures	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Fund Balance-Beginning of Year	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
Fund Balance-End of Year	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 1</u>

See accountant's report.

OTHER REPORTS

1

10/10/10

# Johnson, Thomas & Cunningham

## Certified Public Accountants

Eddie G. Johnson, CPA – A Professional Corporation (1927-1996)

Mark D. Thomas, CPA – A Professional Corporation

Roger M. Cunningham, CPA – A Professional Corporation

Jessica H. Broadway, CPA – A Professional Corporation

Ryan E. Todtenbier, CPA – A Professional Corporation

321 Bienville Street  
Natchitoches, Louisiana 71457  
(318) 352-3652  
Fax (318) 352-4447

### INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

The Honorable Mayor of Powhatan  
and Village Aldermen  
Village of Powhatan, Louisiana

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of the Village of Powhatan and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Village of Powhatan's compliance with certain laws and regulations during the year ended June 30, 2009, included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

#### PUBLIC BID LAW

1. Select all expenditures made during the year for materials and supplies exceeding \$20,000, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

No expenditures found to be in violation.

#### CODE OF ETHICS FOR PUBLIC OFFICIALS AND PUBLIC EMPLOYEES

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interest of all board members and employees, as well as their immediate families.

Management provided us with the required list including the noted information.

3. Obtain from management a listing of all employees paid during the period under examination.

Management provided us with the required list.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedures (3) were also included on the listing obtained from management in agreed-upon procedures (2) as immediate family members.

No violations found.

### **BUDGETING**

5. Obtain a copy of the legally adopted budget and all amendments.

Management provided us with a copy of the original budget. There were no amendments for the year.

6. Trace the budget adoption to the minute book.

We traced the adoption of the budget to the minutes of the Village. It was adopted by unanimous decision.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues failed to meet budgeted revenues by 5% or more or if actual expenditures exceeded budgeted amounts by 5% or more.

We compared the revenues and expenditures of the final budget to actual revenues and expenditures. For the year ended June 30, 2009, actual revenues were less than budgeted revenues by more than the 5% allowed.

8. Randomly select 6 disbursements made during the period under examination and:

- (a) trace payments to supporting documentation as to proper amount and payee:

We examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee.

- (b) determine if payments were properly coded to the correct fund and general ledger account:

Each disbursement appeared to be coded correctly.

- (c) determine whether payments received approval from proper authorities:

Inspection of supporting documentation showed written approval. In addition, non-recurring entries were discussed and approved in the minutes.

### MEETINGS

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1 through 42:12 (the open meetings law).

The Village is only required to post a notice of each meeting and the accompanying agenda on the door of the Village's office building. Management has asserted that such documents were properly posted.

### DEBT

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds or any other indebtedness which have not been approved by the State Bond Commission.

We inspected copies of all bank deposits for the period under examination and noted no deposits which appeared to be proceeds of bank loans, bonds or other indebtedness which had not been approved by the State Bond Commission.

### ADVANCES AND BONUSES

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees which may constitute bonuses, advances, or gifts.

No violations found.

Our prior report, dated December 27, 2008, contained one comment, violation of the Local Government Budget Act.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.-

This report is intended solely for the use of management of the Village of Powhatan and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Johnson, Thomas & Cunningham, CPA's  
Johnson, Thomas & Cunningham, CPA's

December 29, 2009  
Natchitoches, Louisiana

VILLAGE OF POWHATAN  
LOUISIANA ATTESTATION QUESTIONNAIRE

Johnson, Thomas & Cunningham, CPA's  
321 Bienville Street  
Natchitoches, LA 71457

In connection with your review of our financial statements as of June 30, 2009, and for the year then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of December 28, 2009

**Public Bid Law**

It is true that we have complied with the public bid law, LSA-RS Title 38:2212, and, where applicable, the regulations of the Division of Administration, State Purchasing Office.

Yes ☒ No ☐

**Code of Ethics for Public Officials and Public Employees**

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of LSA-RS 42:1101-1124.

Yes ☒ No ☐

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of LSA-RS 42:1119.

Yes ☒ No ☐

**Budgeting**

We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1301-14 or the budget requirements of LSA-RS 39:34.

Yes ☒ No ☐

### Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by LSA-RS 44:1, 44:7, 44:31, and 44:36.

Yes ☒ No ☐

We have filed our annual financial statements in accordance with LSA-RS 24:514, 33:463, and/or 39:92, as applicable.

Yes ☒ No ☐

We have had our financial statements audited or compiled in accordance with LSA-RS 24:513.

Yes ☒ No ☐

### Meetings

We have complied with the provisions of the Open Meetings Law, provided in RS 42:1 through 42:12.

Yes ☒ No ☐

### Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and LSA-RS 39:1410.60-1410.65.

Yes ☒ No ☐

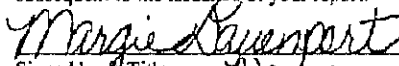
### Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, LSA-RS 14:138, and AG opinion 79-729.

Yes ☒ No ☐

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance which may occur subsequent to the issuance of your report.

  
Signed by                      Title Mayor

# Johnson, Thomas & Cunningham

## Certified Public Accountants

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(318) 352-3652  
Fax (318) 352-4447

December 29, 2009

The Honorable Margie Davenport, Mayor  
and Village Aldermen  
Village of Powhatan  
P. O. Box 126  
Powhatan, LA 71066

RE: Management letter  
Review Report – June 30, 2009

Dear Mayor Davenport,

We have performed our review of the Village of Powhatan for the year ended June 30, 2009, and have applied certain agreed-upon procedures. As part of those procedures, we have the following information to report to you.

Louisiana State Law requires that a budget be prepared and approved each year for the General Fund. In addition, the budget must be amended if actual revenues are less than budgeted revenues by 5% or more and/or actual expenditures exceed budgeted expenditures by 5% or more. For the year ended June 30, 2009, the Village's actual revenues were less than budgeted revenues by more than the 5% allowed, and the budget was not amended. We recommend the Village institute procedures to ensure budget amendments, if necessary, are prepared and approved by the Board during the year.

Sincerely,

*Johnson, Thomas & Cunningham, CPAs*

Johnson, Thomas & Cunningham, CPA's



VILLAGE OF POWHATAN  
P. O. Box 126  
Powhatan, LA 71066

January 6, 2010

Louisiana Legislative Auditor  
1600 North Third Street  
Baton Rouge, LA 70804

RE: Village of Powhatan  
Financial Report - June 30, 2009

The following is our response to the management letter issued to us by the firm Johnson, Thomas & Cunningham, CPA's for the year ended June 30, 2009:

Management's Corrective Action Plan

We will ensure that in the future, the budget will be amended if either actual revenues or actual expenditures do not meet the 5% variance allowed.

Sincerely,

*Mayer Margie Davenport*